

STOCK MARKET: LESSON 7

Objectives: to identify a second source of making money (dividend)
to define and look for companies that give dividends
to interpret data to make decisions
to compare pie charts to help verify if a strategy is working or needs to change

Materials: Edward Jones (November *Perspective*)
Highlighters (use on *Perspective*-table headings dealing with dividends)
Pie Charts for each group (from two different weeks from SMG website)
Power Point on *Dividends*
Document camera
Team Folders
Calculators
Computer (one per team)

Procedure:

1. Show Power Point & use to guide discussion
2. Explain that a *percent* mean per 100
3. Look at chart headings
 - a. Annual Dividends-dividend given each year (365 days)—given in \$ (dollar amount)
 - b. Dividend Yield-shown in percent
 - i. Example—If you had \$100 invested in AT & T you would get 5.8% or about 6% dividend. On your calculator enter $100 \times .06$ (6 hundredths) = \$6
 - ii. Example—If you had \$10,000 invested in AT & T you would get 5.8% or about 6% dividend. On your calculator enter $1000 \times .06$ = \$60
4. Five-year Estimated Dividend Growth-It shows a number (2, 9, 7, 11, etc.); That is in percent. The higher the percent, the greater the size of the dividend.
 - a. Example-- $\$1,000 \times .02 = 20$
 - b. Example-- $\$1,000 \times .04 = 40$
 - c. Example-- $\$1,000 \times .11 = 110$
5. Dividend Payment Months (AT & T → 2, 5, 8, 11)
2nd month = February
5th month = May
7th month = July
11th month = November
Why might this be helpful to you?
6. Cash Dividends Since (gives a year when the company started giving dividends)
Why might this be helpful? (Does the company usually give dividends regularly or once in a while? What might that tell you about the company?)



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7. Look at the following to see if these companies give dividends. Can you find the percent given, what months they may be given, and when the company started giving dividends?
 - a. Disney (Consumer sector)
 - b. TJX (Consumer sector)
 - c. Walmart (Consumer staples)
 - d. Amazon (Technology sector)
8. Compare team pie charts→Can you find a trend or pattern? (our trend seems to be that by having at least 25% invested in stocks, ranking looks good; doing sound research is very important) Plan this week's strategy.

Definitions:

dividend-a sum of money paid regularly (typically quarterly) by a company to its shareholders out of its profits (or reserves).

